

Federal Reserve System

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(ii) Has an initial term of at least one year and a residual term of more than 90 days;

(iii) Has a minimum notice period for cancellation by the provider of 90 days;

(iv) Has no exclusions or limitations based upon regulatory action or for the receiver or liquidator of a failed depository institution; and

(v) Is explicitly mapped to a potential operational loss event;

(2) Operational risk mitigants other than insurance for which the Board has given prior written approval. In evaluating an operational risk mitigant other than insurance, the Board will consider whether the operational risk mitigant covers potential operational losses in a manner equivalent to holding total capital.

§217.162 Mechanics of risk-weighted asset calculation.

(a) If a Board-regulated institution does not qualify to use or does not have qualifying operational risk mitigants, the Board-regulated institution's dollar risk-based capital requirement for operational risk is its operational risk exposure minus eligible operational risk offsets (if any).

(b) If a Board-regulated institution qualifies to use operational risk mitigants and has qualifying operational risk mitigants, the Board-regulated institution's dollar risk-based capital requirement for operational risk is the greater of:

(1) The Board-regulated institution's operational risk exposure adjusted for qualifying operational risk mitigants minus eligible operational risk offsets (if any); or

(2) 0.8 multiplied by the difference between:

(i) The Board-regulated institution's operational risk exposure; and

(ii) Eligible operational risk offsets (if any).

(c) The Board-regulated institution's risk-weighted asset amount for operational risk equals the Board-regulated institution's dollar risk-based capital requirement for operational risk determined under sections 162(a) or (b) multiplied by 12.5.

§§ 217.163–217.170 [Reserved]

DISCLOSURES

§ 217.171 Purpose and scope.

§§217.171 through 217.173 establish public disclosure requirements related to the capital requirements of a Board-regulated institution that is an advanced approaches Board-regulated institution.

§ 217.172 Disclosure requirements.

(a) A Board-regulated institution that is an advanced approaches Board-regulated institution that has completed the parallel run process and that has received notification from the Board pursuant to section 121(d) of subpart E of this part must publicly disclose each quarter its total and tier 1 risk-based capital ratios and their components as calculated under this subpart (that is, common equity tier 1 capital, additional tier 1 capital, tier 2 capital, total qualifying capital, and total risk-weighted assets).

(b) A Board-regulated institution that is an advanced approaches Board-regulated institution that has completed the parallel run process and that has received notification from the Board pursuant to section 121(d) of subpart E of this part must comply with paragraph (c) of this section unless it is a consolidated subsidiary of a bank holding company, savings and loan holding company, or depository institution that is subject to these disclosure requirements or a subsidiary of a non-U.S. banking organization that is subject to comparable public disclosure requirements in its home jurisdiction.

(c)(1) A Board-regulated institution described in paragraph (b) of this section must provide timely public disclosures each calendar quarter of the information in the applicable tables in §217.173. If a significant change occurs, such that the most recent reported amounts are no longer reflective of the Board-regulated institution's capital adequacy and risk profile, then a brief discussion of this change and its likely impact must be disclosed as soon as practicable thereafter. Qualitative disclosures that typically do not change each quarter (for example, a general

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summary of the Board-regulated institution's risk management objectives and policies, reporting system, and definitions) may be disclosed annually after the end of the fourth calendar quarter, provided that any significant changes to these are disclosed in the interim. Management may provide all of the disclosures required by this subpart in one place on the Board-regulated institution's public Web site or may provide the disclosures in more than one public financial report or other regulatory reports, provided that the Board-regulated institution publicly provides a summary table specifically indicating the location(s) of all such disclosures.

(2) A Board-regulated institution described in paragraph (b) of this section must have a formal disclosure policy approved by the board of directors that addresses its approach for determining the disclosures it makes. The policy must address the associated internal controls and disclosure controls and procedures. The board of directors and senior management are responsible for establishing and maintaining an effective internal control structure over financial reporting, including the disclosures required by this subpart, and must ensure that appropriate review of the disclosures takes place. One or

more senior officers of the Board-regulated institution must attest that the disclosures meet the requirements of this subpart.

(3) If a Board-regulated institution described in paragraph (b) of this section believes that disclosure of specific commercial or financial information would prejudice seriously its position by making public information that is either proprietary or confidential in nature, the Board-regulated institution is not required to disclose those specific items, but must disclose more general information about the subject matter of the requirement, together with the fact that, and the reason why, the specific items of information have not been disclosed.

§ 217.173 Disclosures by certain advanced approaches Board-regulated institutions.

(a) Except as provided in § 217.172(b), a Board-regulated institution described in § 217.172(b) must make the disclosures described in Tables 1 through 12 to § 217.173. The Board-regulated institution must make these disclosures publicly available for each of the last three years (that is, twelve quarters) or such shorter period beginning on January 1, 2014.

TABLE 1 TO § 217.173—SCOPE OF APPLICATION

Qualitative disclosures ...	(a)	The name of the top corporate entity in the group to which subpart E of this part applies.
	(b)	A brief description of the differences in the basis for consolidating entities ¹ for accounting and regulatory purposes, with a description of those entities: (1) That are fully consolidated; (2) That are deconsolidated and deducted from total capital; (3) For which the total capital requirement is deducted; and (4) That are neither consolidated nor deducted (for example, where the investment in the entity is assigned a risk weight in accordance with this subpart).
	(c)	Any restrictions, or other major impediments, on transfer of funds or total capital within the group.
Quantitative disclosures	(d)	The aggregate amount of surplus capital of insurance subsidiaries included in the total capital of the consolidated group.
	(e)	The aggregate amount by which actual total capital is less than the minimum total capital requirement in all subsidiaries, with total capital requirements and the name(s) of the subsidiaries with such deficiencies.

¹ Such entities include securities, insurance and other financial subsidiaries, commercial subsidiaries (where permitted), and significant minority equity investments in insurance, financial and commercial entities.

TABLE 2 TO § 217.173—CAPITAL STRUCTURE

Qualitative disclosures ...	(a)	Summary information on the terms and conditions of the main features of all regulatory capital instruments.
Quantitative disclosures	(b)	The amount of common equity tier 1 capital, with separate disclosure of: (1) Common stock and related surplus; (2) Retained earnings; (3) Common equity minority interest; (4) AOCI (net of tax) and other reserves; and (5) Regulatory adjustments and deductions made to common equity tier 1 capital.
	(c)	The amount of tier 1 capital, with separate disclosure of: